

We attempt to provide you with information in the changing real estate world. This includes court decisions, recent legislation and articles that we think may interest you.

Our firm has offices in:

Boston,
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PARTNER'S CORNER:

1031 Exchanges

Another West Coast phenomenon is headed East, and we at Topkins & Bevans wanted to let our readers know about the benefits. Tax-free 1031 exchanges have been around for a while, but only recently have people in the East started to take advantage of the myriad benefits they present to an owner of investment property.

In a word, 1031 exchanges can permit a complete deferral of tax due when an investment property is sold. The key to successful exchanges is to locate a substitute property within the prescribed period of time. That substitution, if handled strictly in accordance with the statutory framework, can permit a deferral and preserve funds otherwise intended for the US and Massachusetts treasury.

Like any other benefit, however, the rules are strict and must be adhered to. At Topkins & Bevans, we have dedicated our resources to becoming your source of 1031 Exchange information. At no charge to you, we will gladly walk you through the process and even suggest appropriate exchange companies to work with. Contact Shannon Knight to arrange for a no-obligation sit down to go over your 1031 exchange options.

TOPKINS & BEVANS—Always on the lookout for ways to stretch and preserve your hard-earned dollars.

MORTGAGE NEWS:

Fair-Lending Exams Coming in MA

Lenders who do 50 or more loans in Massachusetts will soon be subject to fair-lending examinations, according to Bonita Irving, senior deputy commissioner for compliance and community affairs at the Massachusetts Division of Banks. Ms. Irving, a member of the state regulators' panel at the 18th Annual New England Mortgage Banking Conference in Providence, R.I., said any derogatory results from those exams will have a direct impact on an institution's overall compliance rating. "While there has been no identification of trends yet, recently we found people did not respond within certain time frames or provide information in the format we requested," Ms. Irving said. "Rather than request information specific for Massachusetts, we will ask for all [Home Mortgage Disclosure Act] data, and we'll break it out ourselves." Mary Jurta, director of the New Hampshire Banking Department's consumer credit division, is part of a working group that is pursuing a national mortgage licensing system. "Fingerprints will be a critical part," Ms. Jurta told the panel. "The system will make the renewal process much easier... A lot of it will require statutory changes." The conference was hosted by the Massachusetts Mortgage Bankers Association.

Applications Rise

The Market Composite Index, an overall measure of mortgage applications, rose

from 760.6 to 772.2 on a seasonally adjusted basis during the week ended Sept. 16, according to the Mortgage Bankers Association's Weekly Mortgage Applications Survey.

On an unadjusted basis, applications increased 11.9% on the week, and were up 12.0% from the level recorded a year earlier. The Purchase Index fell from 513.4 to 500.3 on a seasonally adjusted basis, while the Refinance Index climbed from 2198.7 to 2353.7. The four-week moving average for the Purchase Index rose 0.6%, from 492.9 to 495.9, and the comparable average for the Refinance Index rose 0.4%, from 2264.4 to 2274.3. Refinancings represented 45.6% of total applications, up from 42.9% the previous week, while adjustable-rate mortgages accounted for 29.8%, the MBA said. The average contract interest rate for 30-year fixed-rate mortgages increased from 5.72% to 5.81%, and points (including the origination fee) increased from 1.18 to 1.21 for loans with 80% loan-to-value ratios, the MBA reported

MBA Mortgage Application Survey (Seasonally Adjusted Index Levels)		
	Wk Ended Sept. 16	Wk Ended Sept. 9
Market Composite	772.2	760.6
Purchase Index	500.3	513.4
Refinance Index	2353.7	2198.7
Conventional Index	1160.5	1142.8
Government Index	124.1	122.7

Source: Mortgage Bankers Association

Rates Rise

The average 30-year fixed mortgage rate rose from 5.74% to 5.80% over the seven-day period ended Sept. 22, according to Freddie Mac's Primary Mortgage Market Survey.

The average 15-year fixed mortgage rate increased from 5.32% to 5.37%, the average rate for five-year Treasury-indexed hybrid adjustable-rate mortgages rose from 5.26% to 5.31%, and the average rate for one-year Treasury-indexed ARMs climbed from 4.46% to 4.48%. Fees and points averaged 0.6 of a point for 30-year fixed-rate mortgages, 0.7 of a point for 15-year FRMs and one-year ARMs, and 0.8 of a point for hybrid ARMs. "Mortgage rates look like they are back on track where the Fed wants them, which is gradually rising," said Frank Nothaft, Freddie Mac's chief economist. "Freddie Mac's economic forecast calls for a cooling of the housing market going into next year, and gently rising rates are part of that scenario." A year ago, the average 30-year and 15-year fixed rates were 5.70% and 5.10%, respectively, and the average one-year ARM rate was 4.00%, Freddie Mac said.

Freddie Mac Primary Mortgage Market Survey (Seven Days Ending Sept. 22, 2005)				
	Avg 30-Yr FRM Rate	Avg 15-Yr FRM Rate	Avg 5-Yr ARM Rate	Avg 1-Yr ARM Rate
U.S.	5.80	5.37	5.31	4.48
Northeast	5.85	5.43	5.32	4.47
Southeast	5.76	5.34	5.28	4.43

Southwest	5.75	5.33	5.22	4.40
West	5.74	5.30	5.19	4.38
Source: Freddie Mac				

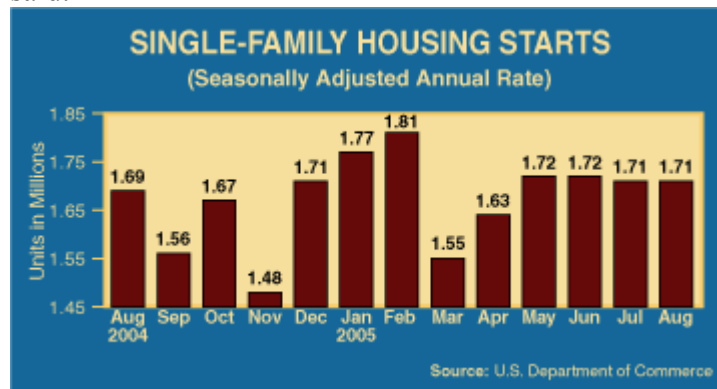
Fed Hikes Target Rate to 3.75%

The Federal Open Market Committee has raised its target for the federal funds rate by 25 basis points to 3.75%, indicating that while Hurricane Katrina has "increased uncertainty," its effects "do not pose a more persistent threat" to the economy. According to RBS Greenwich Capital chief economist Stephen Stanley, "the FOMC is taking the position that the energy price spike" resulting from the hurricane "will either be strictly temporary, or, if it persists, that it will not be enough to substantially dampen economic growth for more than the 'near term'." The FOMC is the monetary policy arm of the Federal Reserve Board. The Fed can be found online at <http://www.federalreserve.gov>.

ECONOMIC NEWS:

Housing Starts Hold Steady

Single-family housing starts held steady in August even though builders are becoming more cautious about the outlook for sales over the next six months. The U.S. Census Bureau reported that single-family starts remained largely unchanged, at a seasonally adjusted annual rate of 1.71 million, from July to August. The August rate is 1.2% above the rate in August 2004. A National Association of Home Builders monthly survey shows that builder expectations of home sales dropped eight points, to 69, in September. NAHB chief economist David Seiders noted that the survey reveals builder concerns about the impact of Hurricane Katrina and higher interest rates, as well as buyer resistance to housing prices, which have been rising at double-digit rates. Even though builder confidence remains relatively high, the "results show that builders are cognizant of the anticipated signs of slowing housing activity in certain areas," Mr. Seiders said.



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